

**. . . in a time of  
radical change**

**PRIMA September 2006**

This presentation was developed by Tom Thomas and Terry Clifford, co-CEOs of the Station Resource Group and presented at the September 2006 meeting of Public Radio in Mid-America (PRIMA)

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**. . . a time of radical change**

**The public media organizations  
formerly known as stations**

**Using technologies no longer limited to  
radio**

**Serving individuals formerly known as  
the audience.**

**. . . a time of radical change**

- **Disruption**
  - **Technologies**
  - **Markets and economies**
  - **Political environment**
  - **Culture**

**“The house is on fire.”**

**John Barth, PRX**

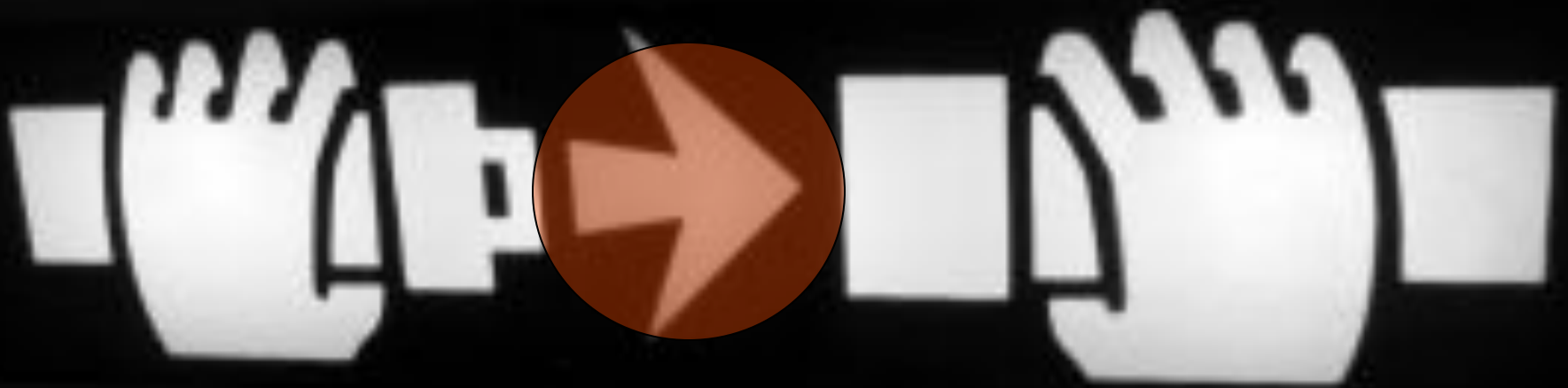
**. . . a time of radical change**

- **Destabilization of self-perception**
  - **Expectations**
  - **Relationships**

**“NPR wants to sleep with other people.”**

**New Realities Forum**

**We are encountering some turbulence.**



# Loyalty in listening

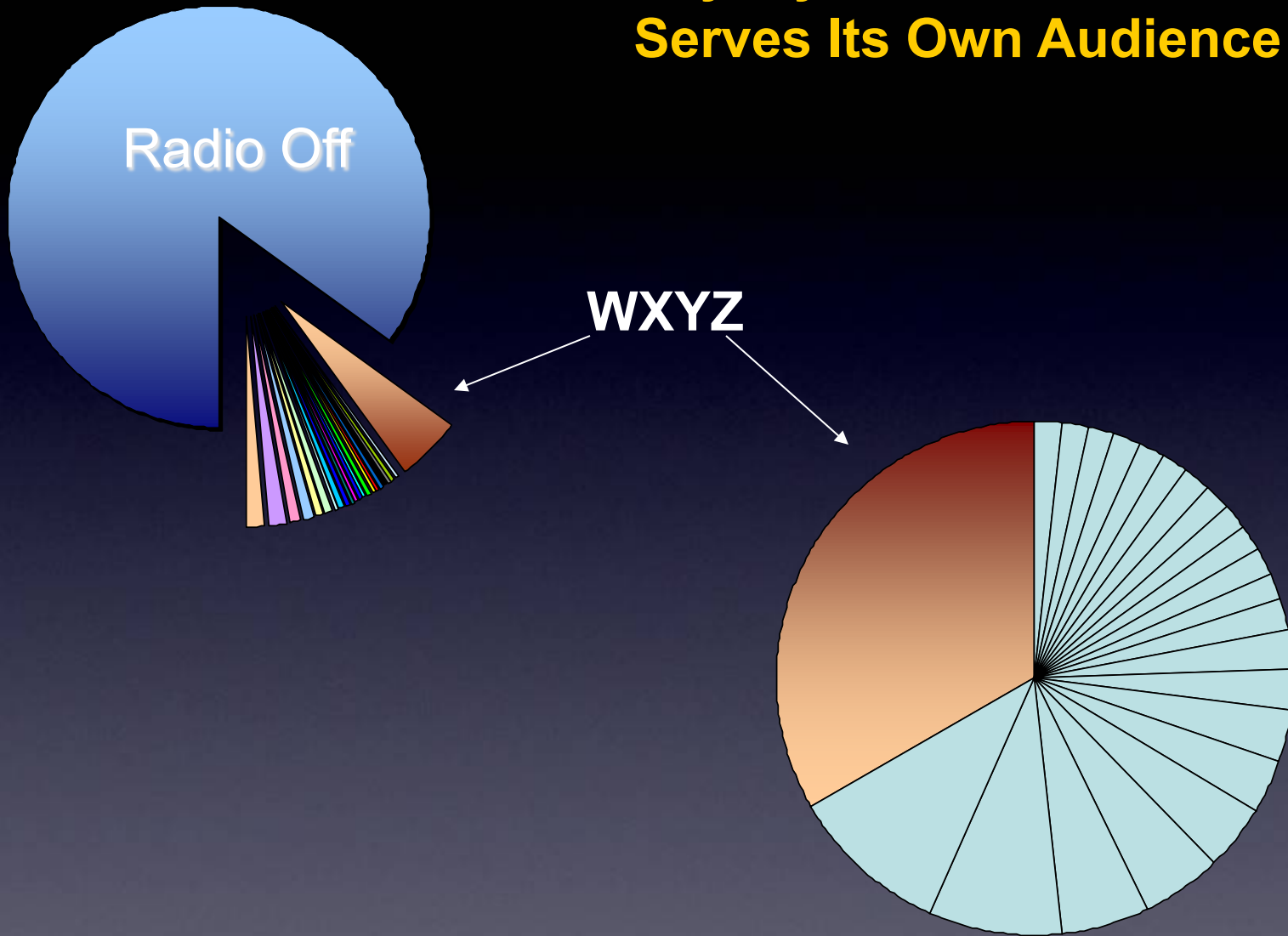
- **Of listeners in a given station's weekly cumulative audience who are listening to the radio, what percentage are tuned to that station at any given time**

# Loyalty: How Well a Station Serves Its Own Audience



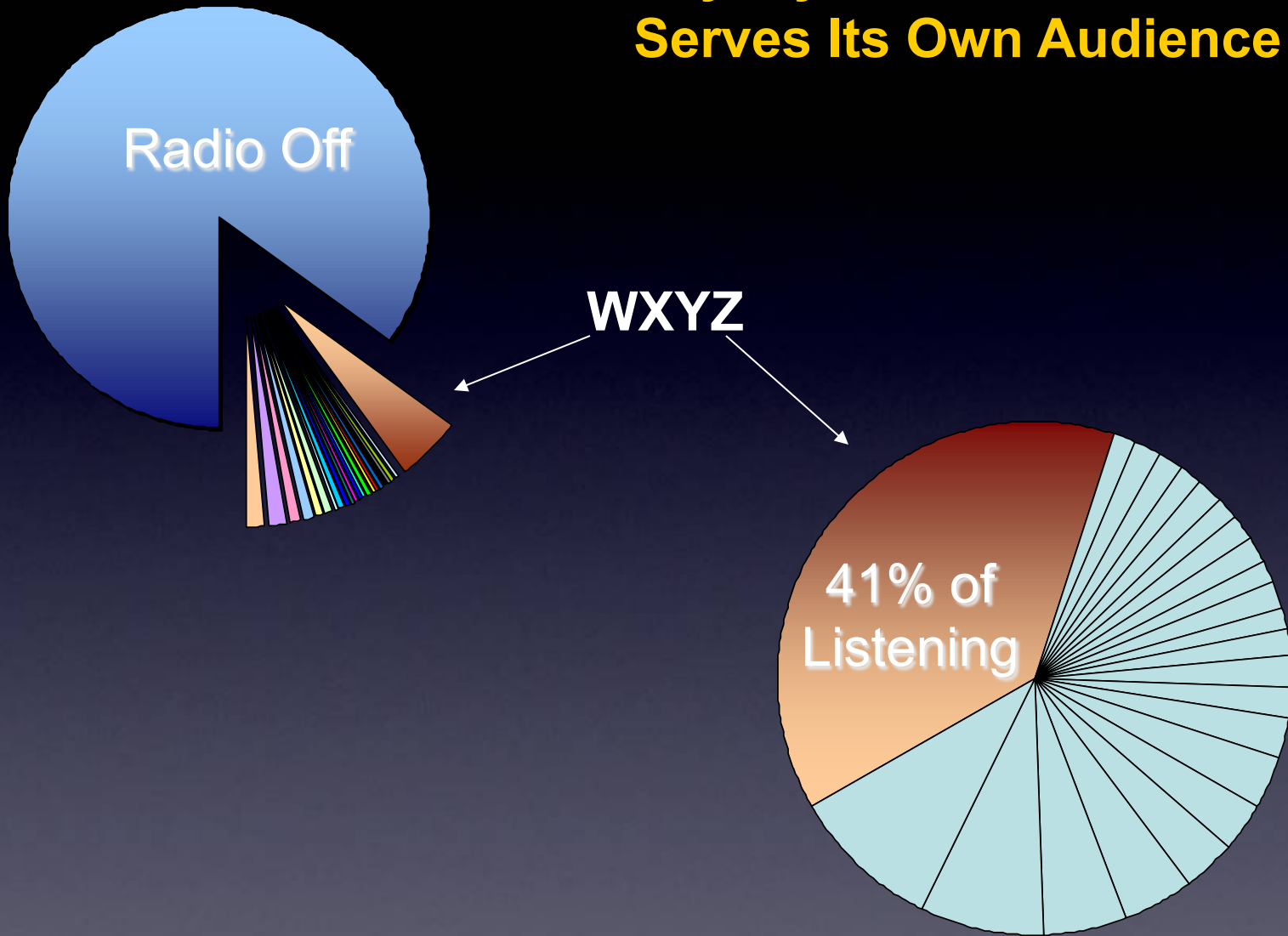


# Loyalty: How Well a Station Serves Its Own Audience



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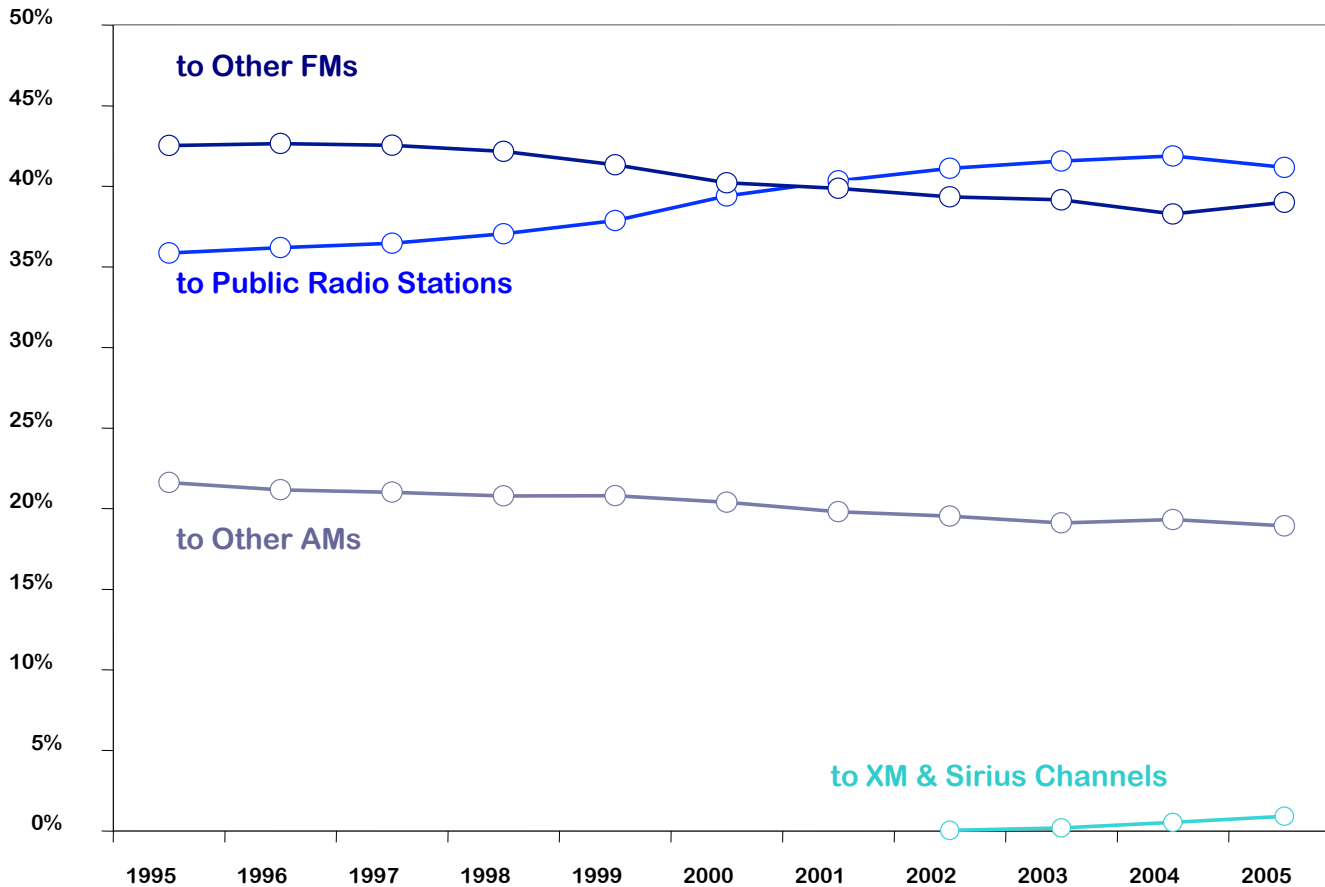
# Loyalty: How Well a Station Serves Its Own Audience



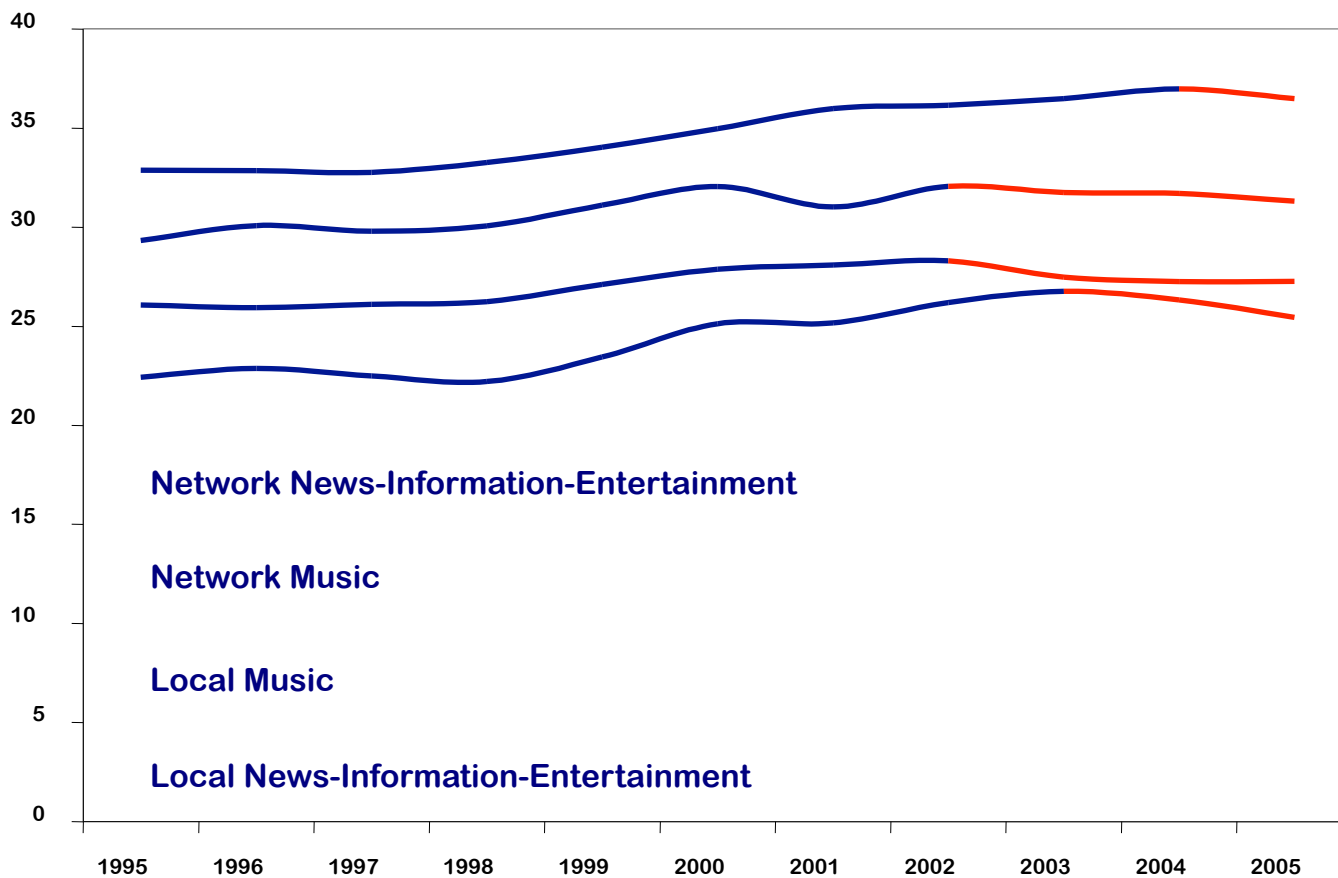
# Loyalty in listening

- **We have been gaining listening at other stations' expense for years**
- **Now they are gaining listeners from us**

# Loyalty of Public Radio's Listeners (Percent of all Listener-Hours to Radio per Year) Public Radio's Arbitron Diary Database



## Loyalty to Public Radio Programming Public Radio's Arbitron Diary Database



# Loyalty in listening

- **When you lose share, it doesn't disappear**
- **What did they do to get better?**
- **Did we do something to get worse?**

# Problems at the core

- **Almost all the recent loss in listening was by core listeners**
- **The two programs in which public radio invests the most – Morning Edition and All Things Considered – lost 81 million listener hours from 2004 to 2005; that's 30% of the total**

# **An inconvenient truth**

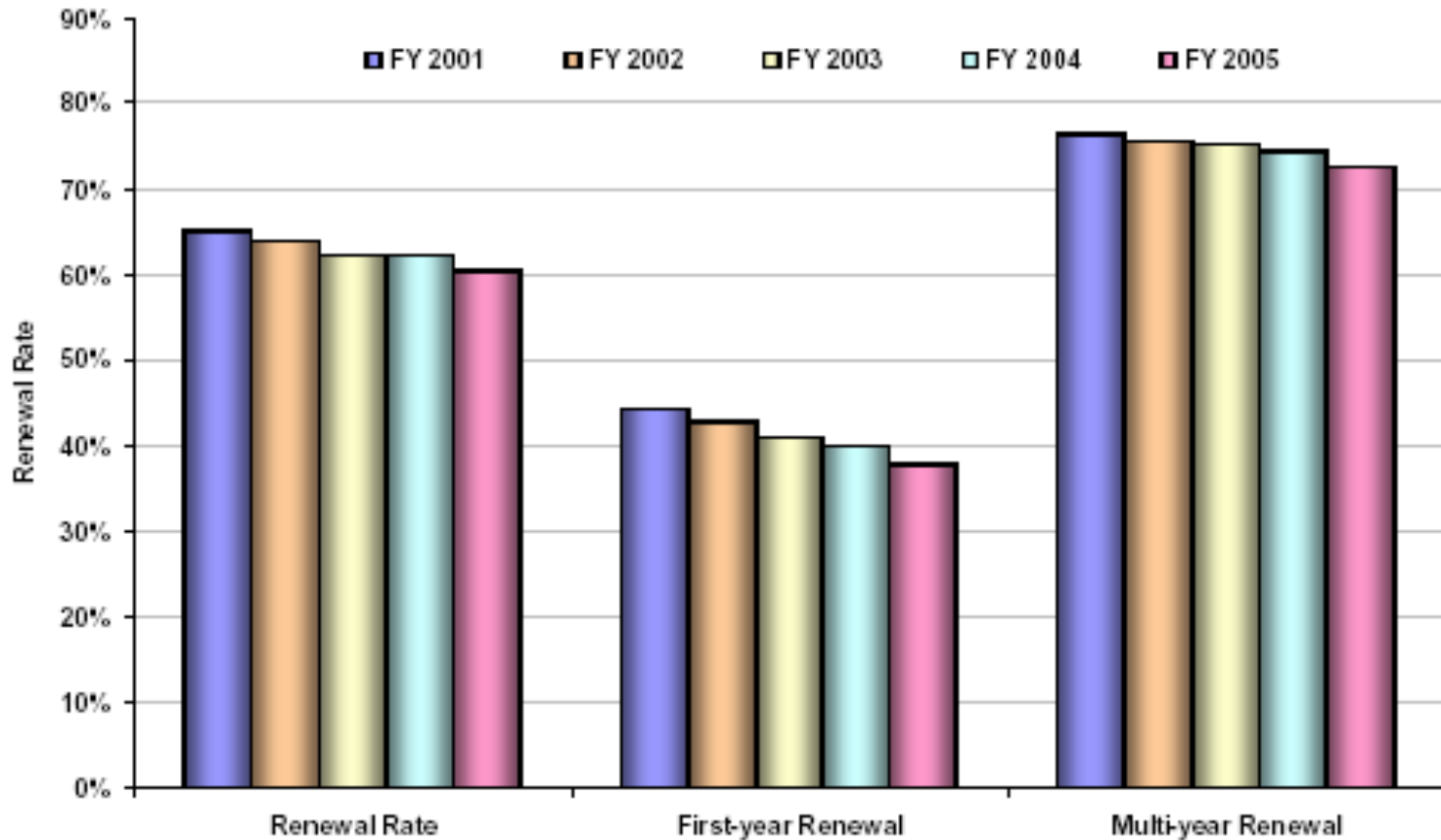
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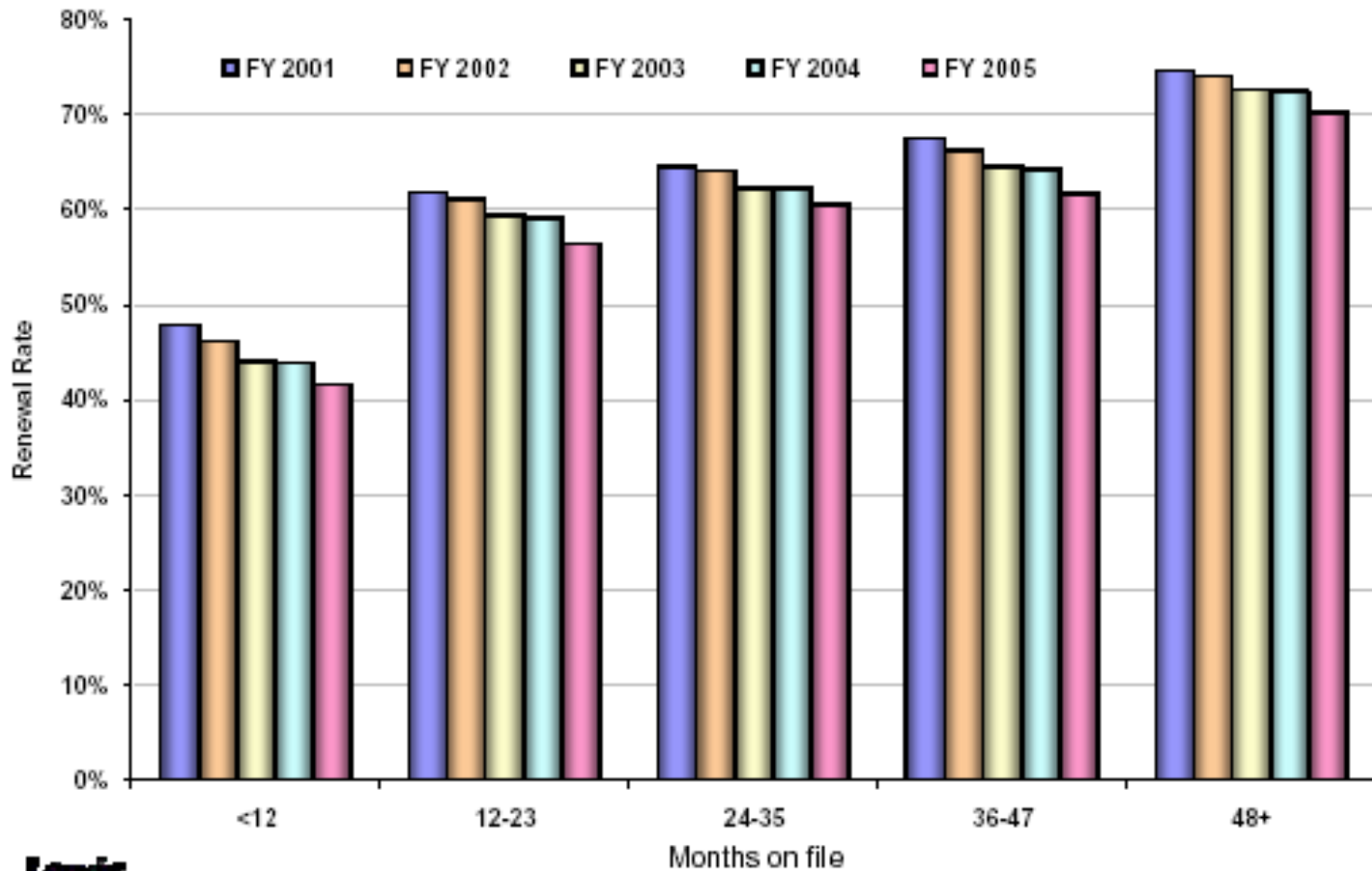
# Loyalty in giving

- **Change in listening loyalty is echoed in giving**
- **Among 58 stations using Target Analysis, renewal of support down in every category**
  - **format, original source of gift, years of giving, amount of last gift**

## Renewal and Retention, FY 01-05



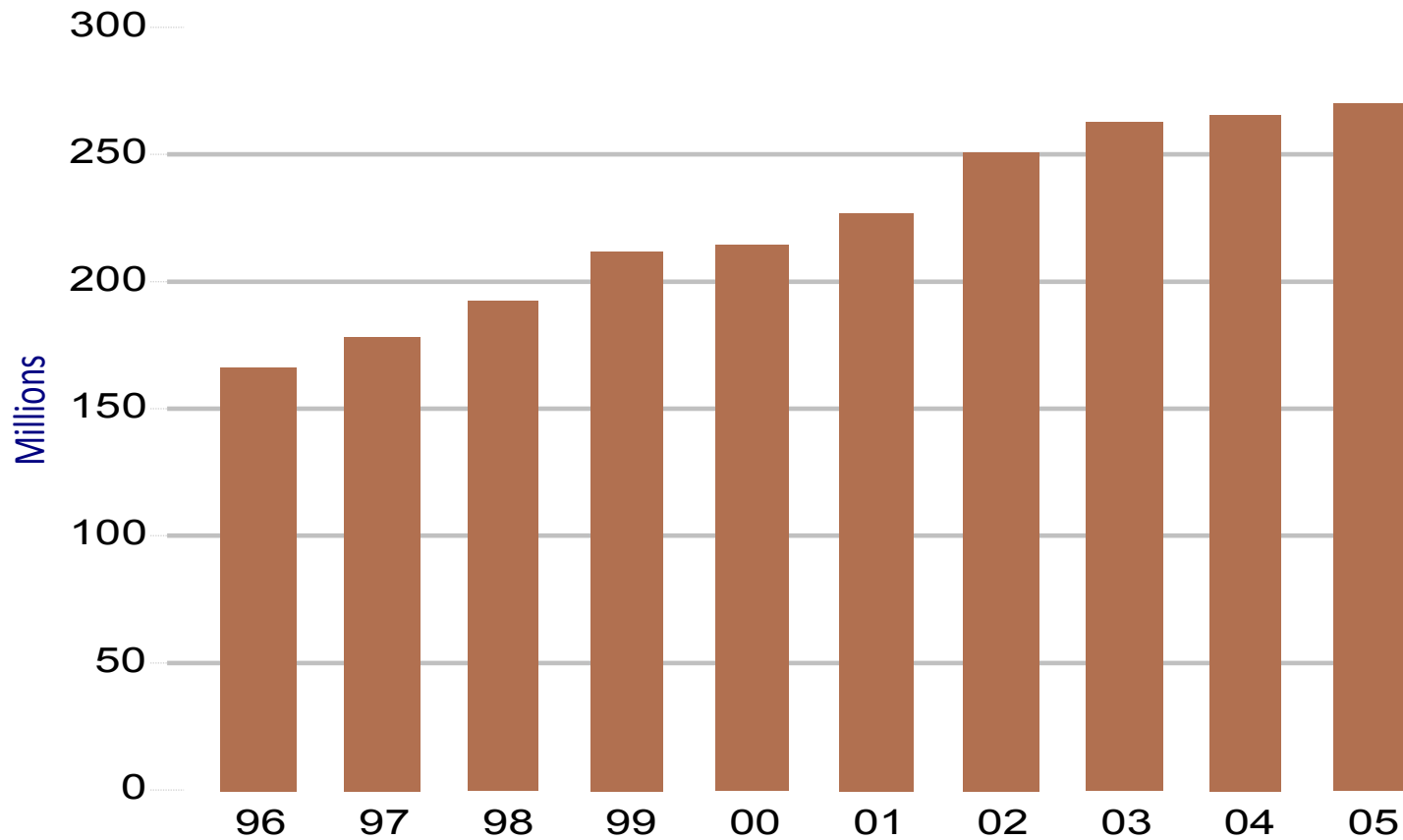
## Renewal by Longevity, FY 01-05



# Still moving forward financially

- **Listener support reached its highest level ever in FY 2005**
  - **2% increase in net listener support after adjusting for inflation**
  - **Net per listener hour at all time high, up 4% from 2004**
  - **Cost of raising a dollar up a penny to 35¢**

# Public Radio's Listener Support Adjusted for Inflation (2005 Dollars)



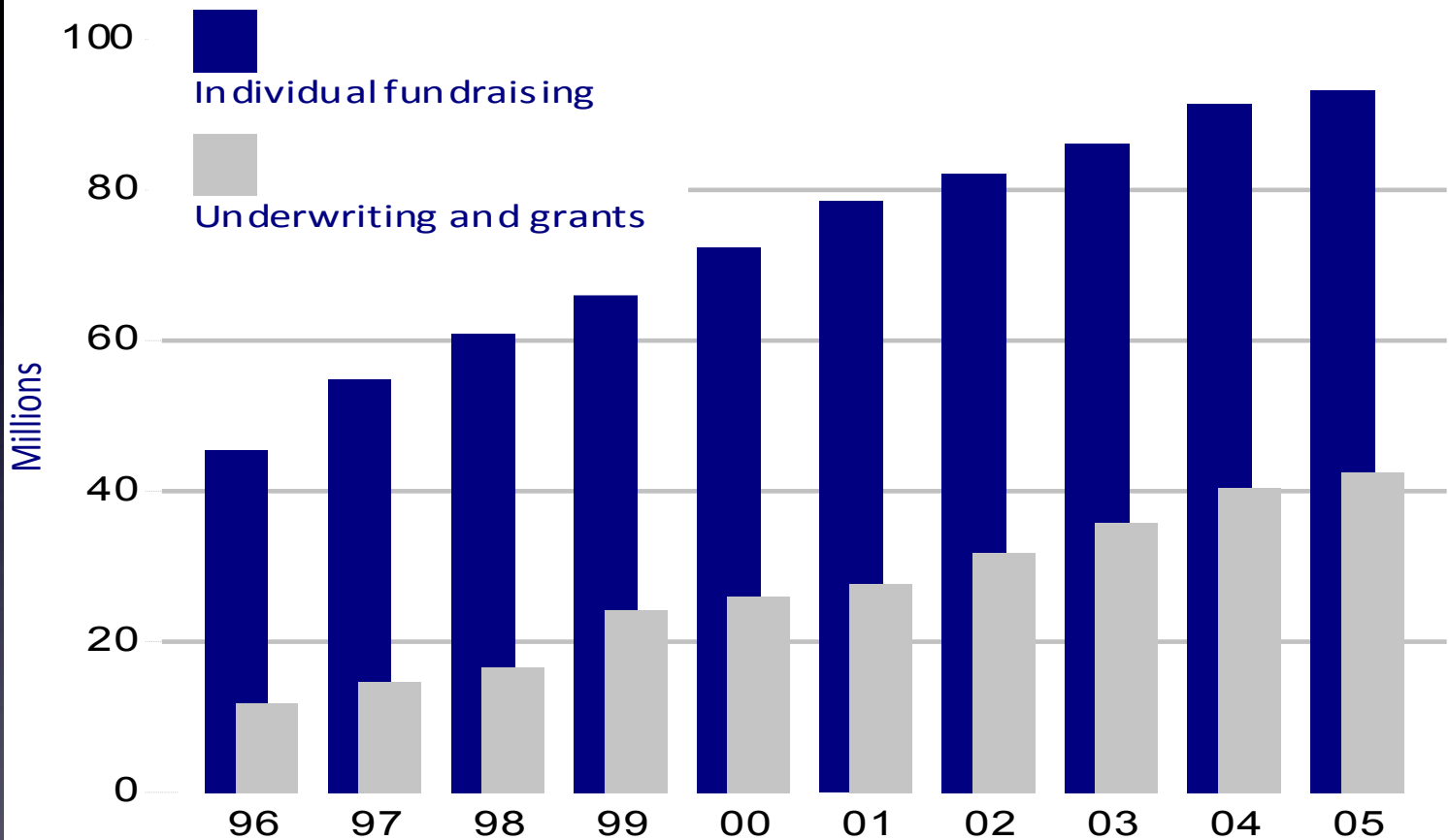
Source: CPB: Annual Financial Reports

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# Public Radio's Development Expenses

Adjusted for Inflation (2005 Dollars)

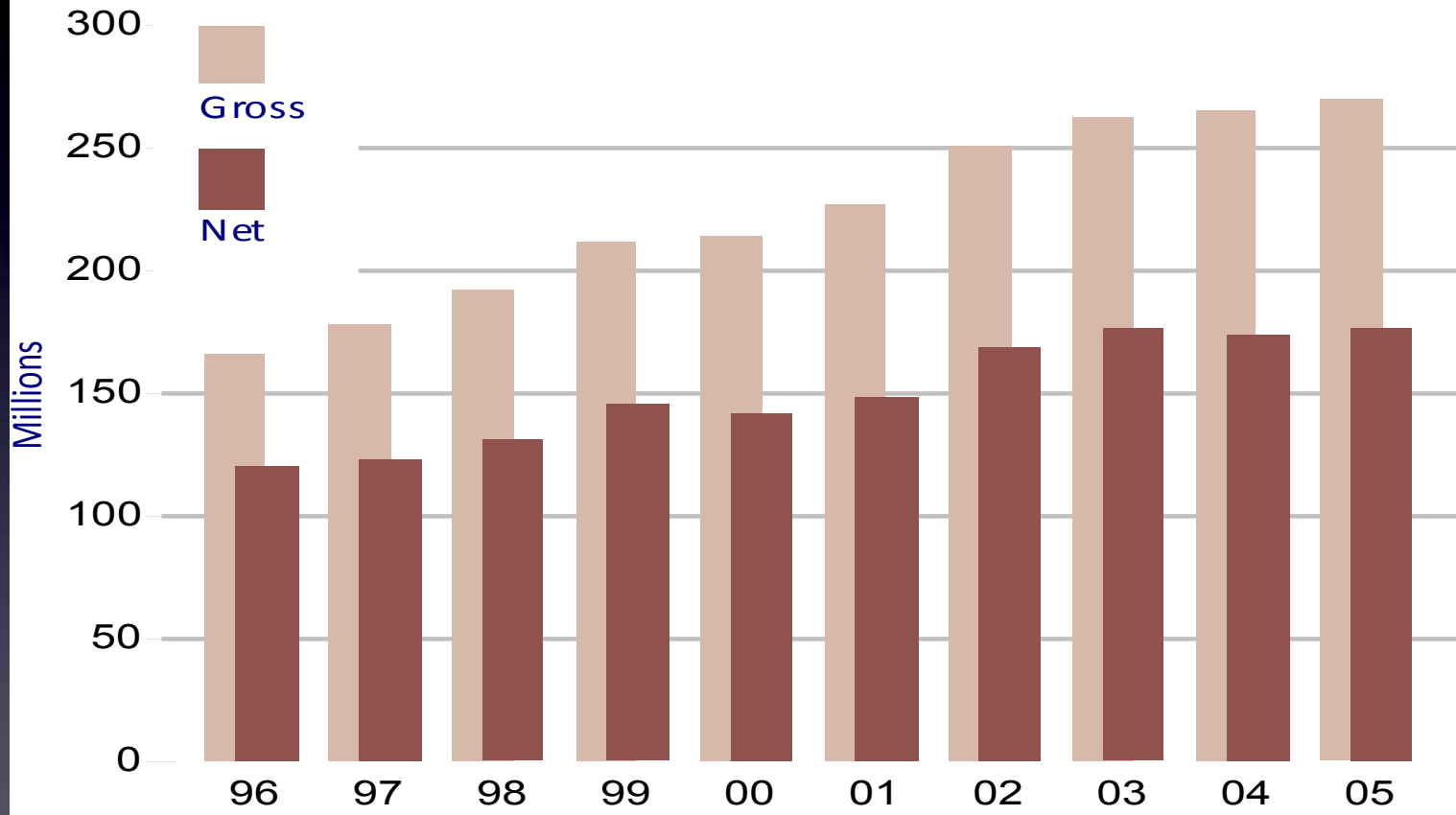


Source: CPB: Annual Financial Reports

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# Public Radio's Net Listener Support

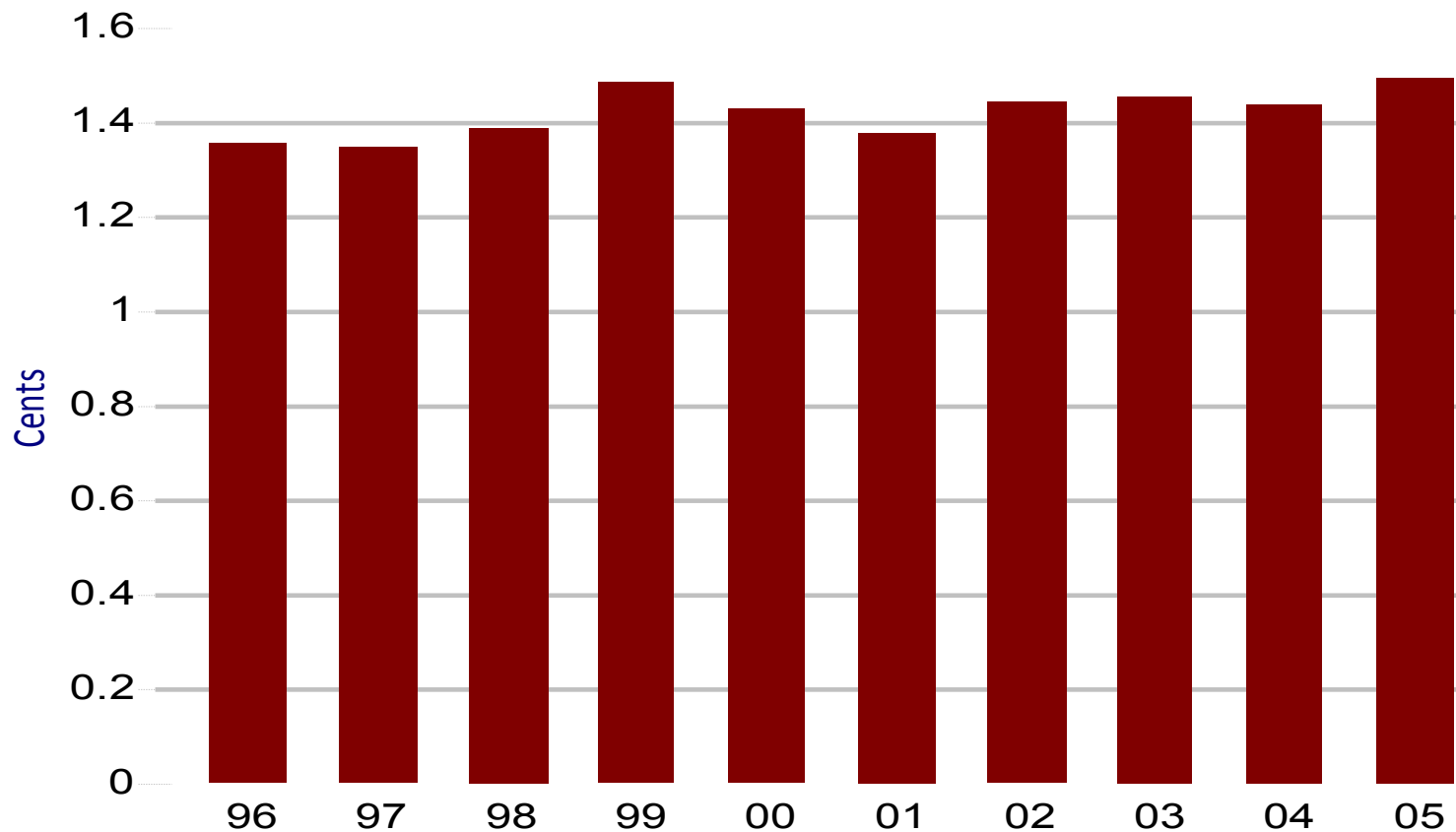
Adjusted for Inflation (2005 Dollars)



Source: CPB: Annual Financial Reports

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## Public Radio's Net Listener Support per Listener Hour Adjusted for Inflation (2005 Dollars)



Source: CPB: Annual Financial Reports, Arbitron Spring Nationwide, RRC

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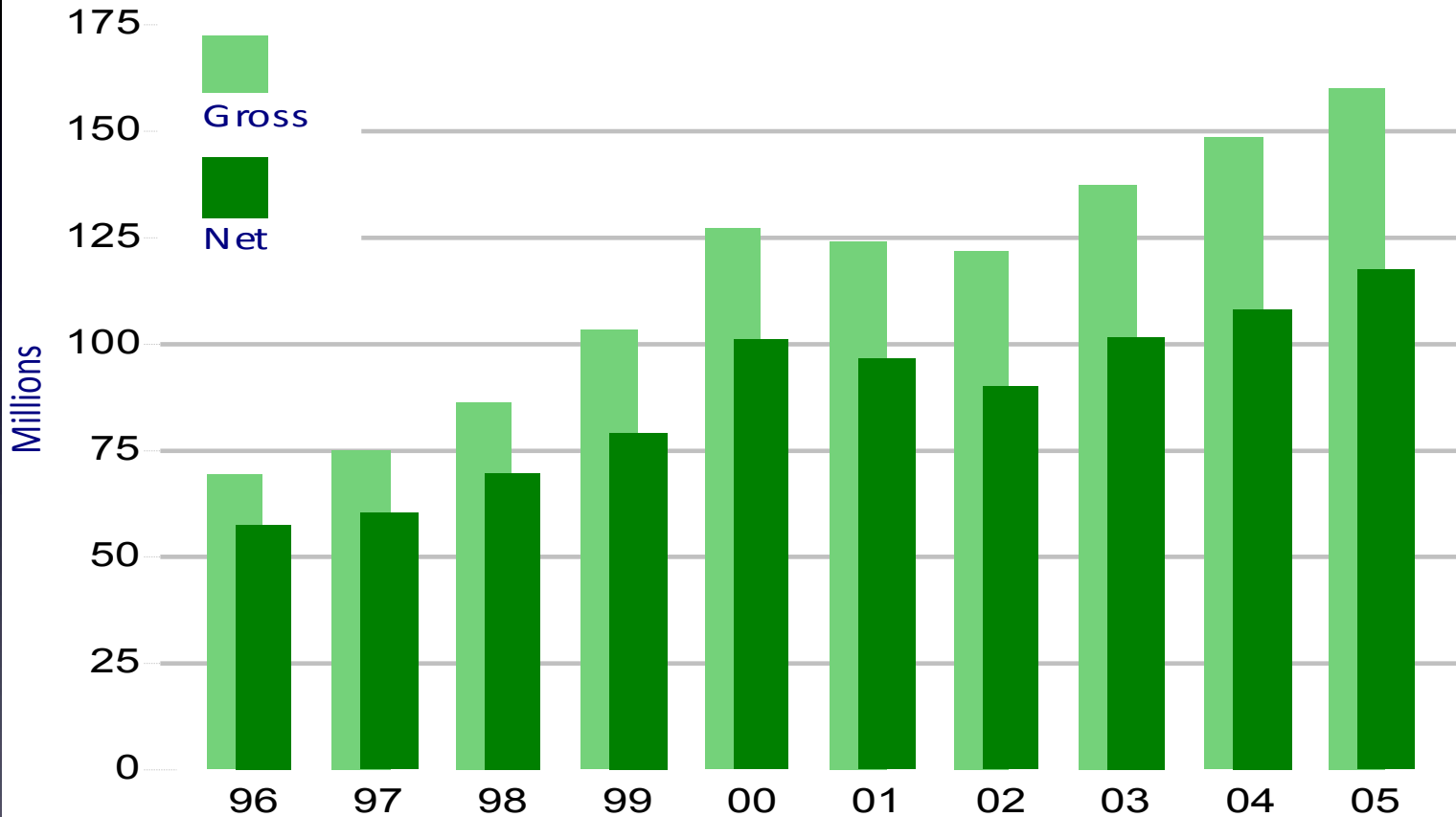


# Still moving forward financially

- **Underwriting up significantly**
  - Net revenue grew by 9%
  - Cost of fundraising held steady
  - Net per listener hour up 11%, closing in on 2000 “boom” record

# Public Radio's Net Underwriting Support

After Cost of Fundraising, Adjusted for Inflation (2005 Dollars)

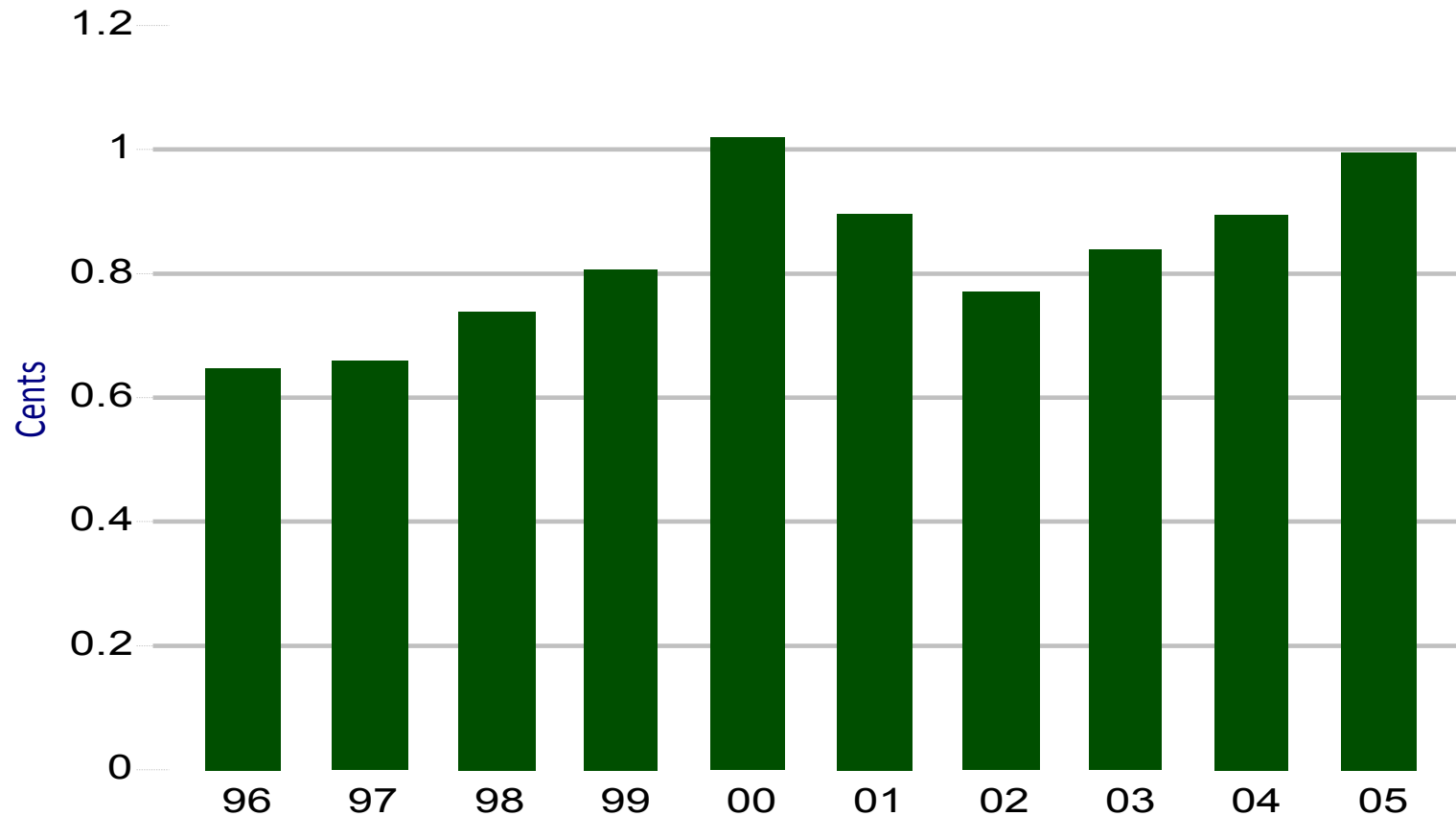


Source: CPB: Annual Financial Reports

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## Net Underwriting Support per Listener Hour After Cost of Fundraising, Adjusted for Inflation (2005 Dollars)

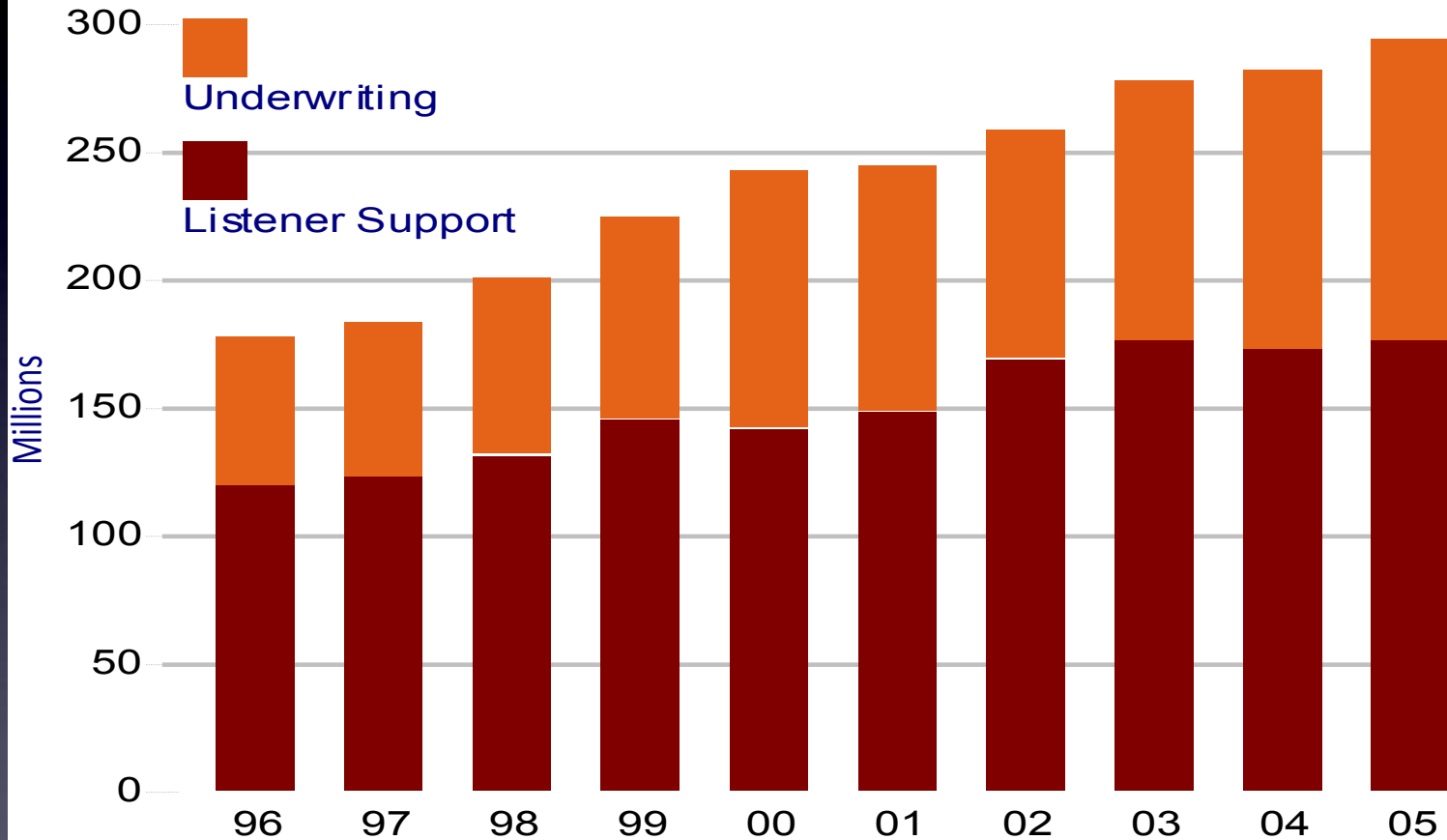


Source: CPB: Annual Financial Reports, Arbitron Spring Nationwide, RRC

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# Net Listener Support and Underwriting

After Cost of Fundraising, Adjusted for Inflation (2005 Dollars)

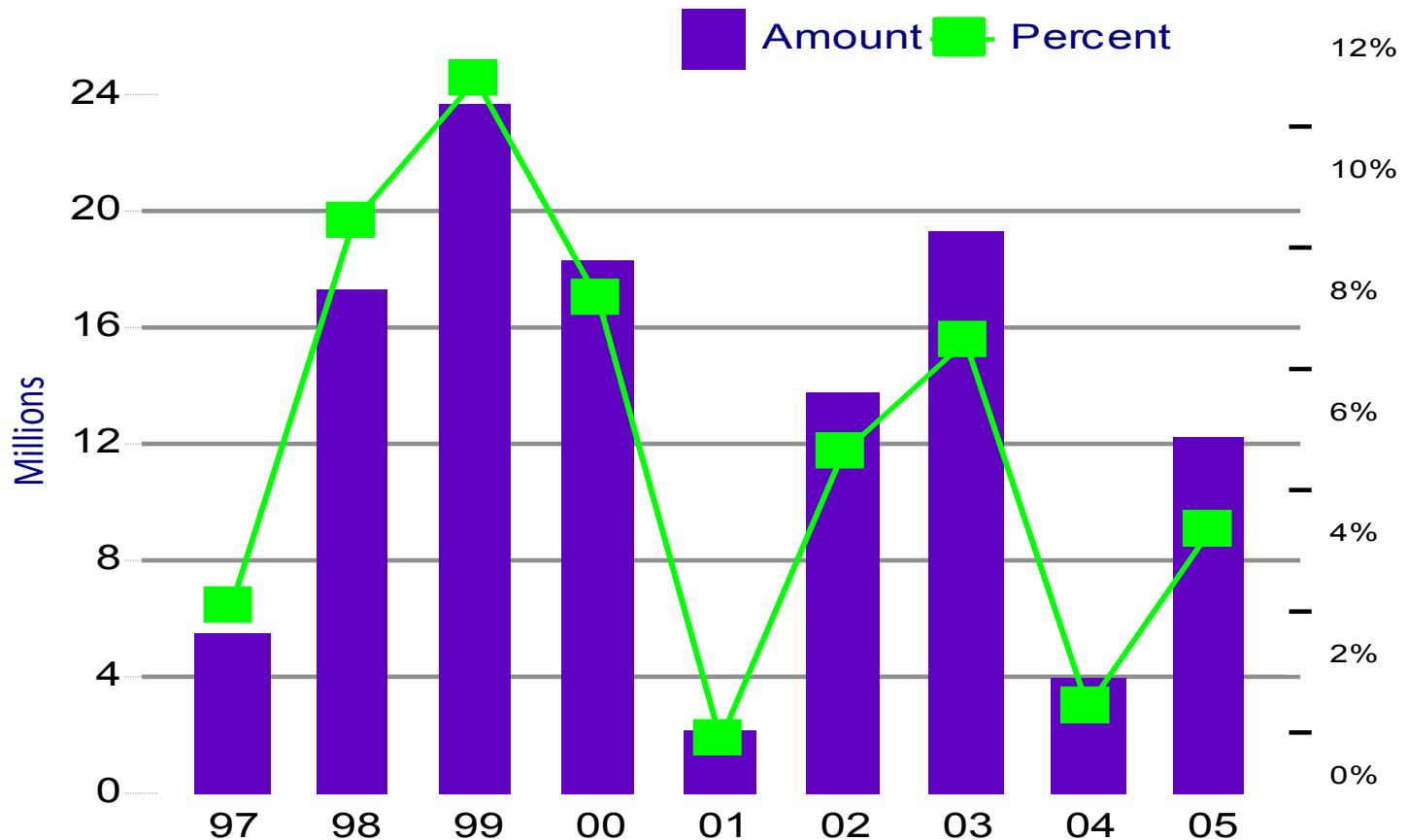


Source: CPB: Annual Financial Reports, Arbitron Nationwide

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# Change in Net Listener Support and Underwriting After Cost of Fundraising, Adjusted for Inflation (2005 Dollars)



Source: CPB: Annual Financial Reports

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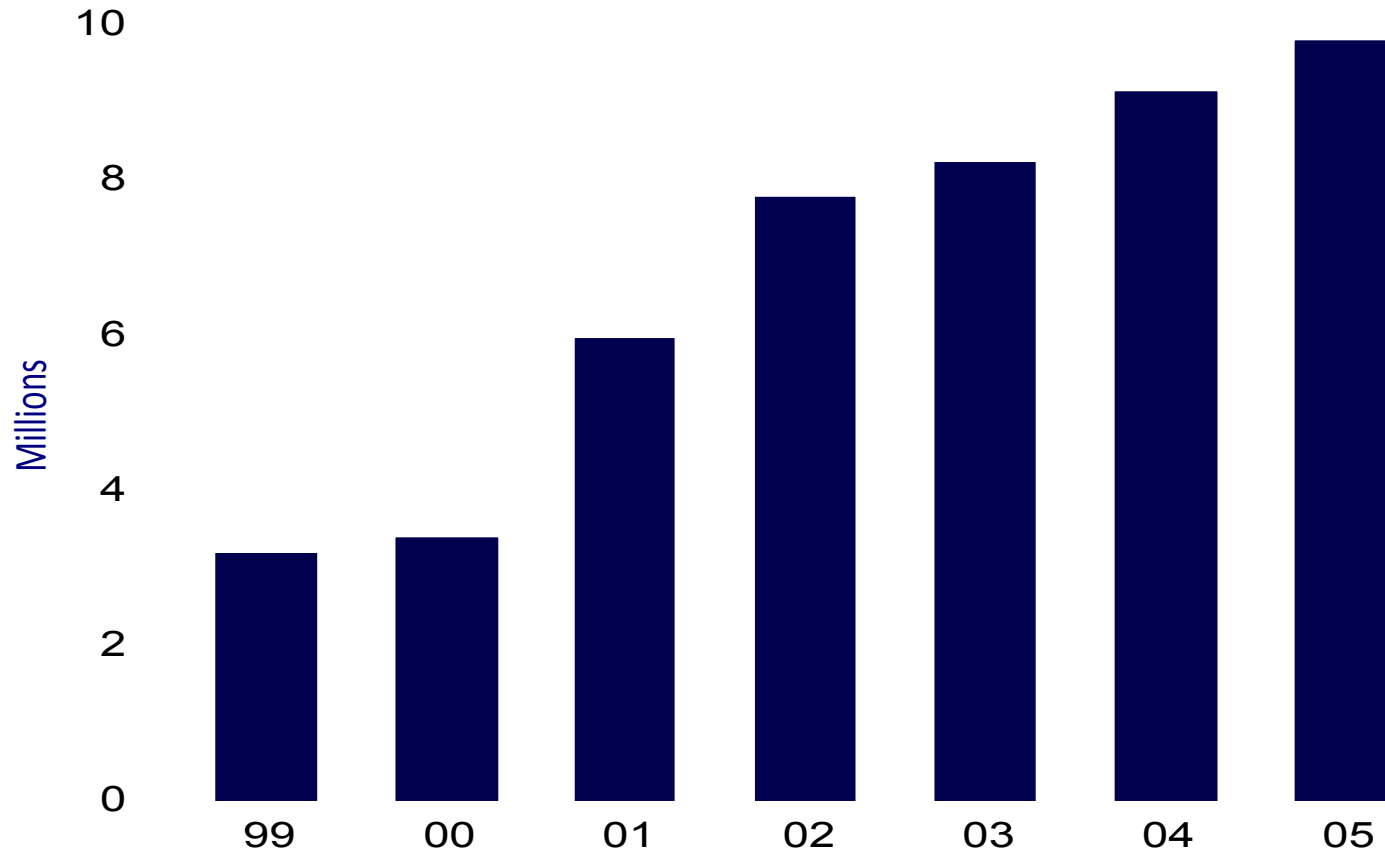
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# The evolving mix

- **Community-based fundraising led our growth as institutional and governmental support stayed flat or sagged.**
- **Larger gifts are making up for lower renewals.**
- **Rapid growth in underwriting accounts for most of the new dollars.**

# Public Radio's Major Gift Support

After Cost of Fundraising, Adjusted for Inflation (2005 Dollars)

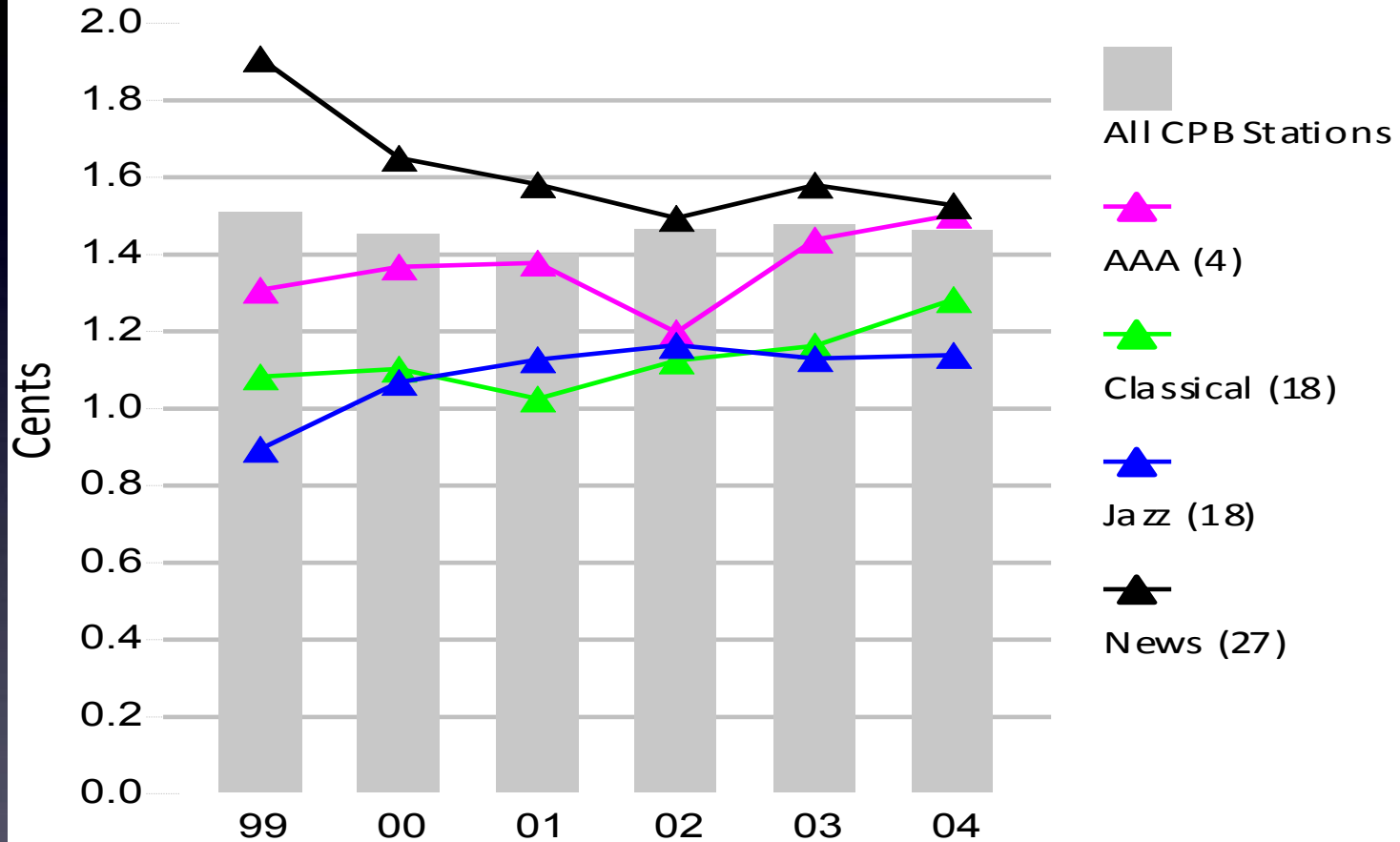


Source: CPB: Annual Financial Reports

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# Net Listener Support per Listener Hour Adjusted for Inflation (2004 Dollars)

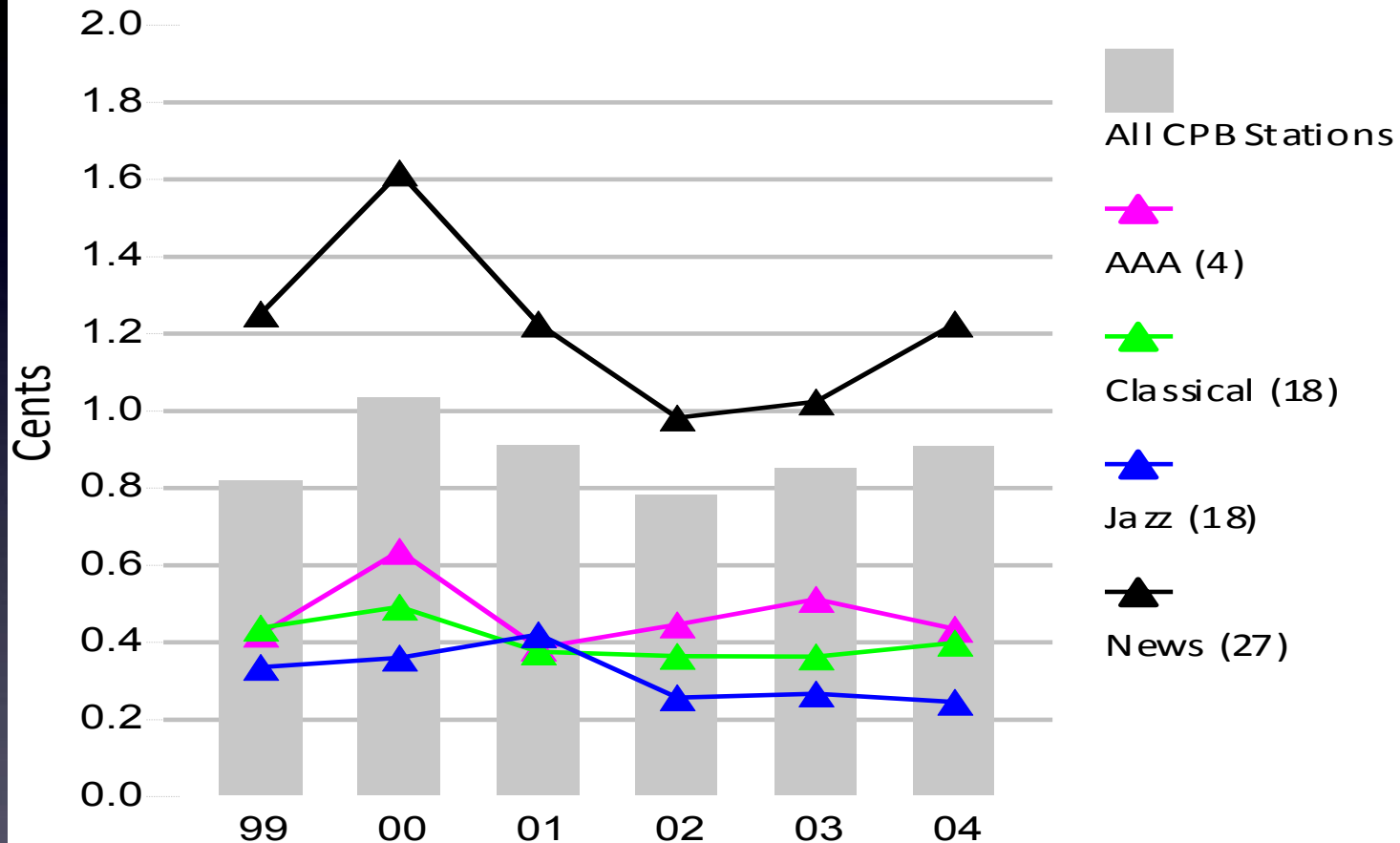


Source: CPB: Annual Financial Reports

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# Net Underwriting per Listener Hour Adjusted for Inflation (2004 Dollars)



Source: CPB: Annual Financial Reports

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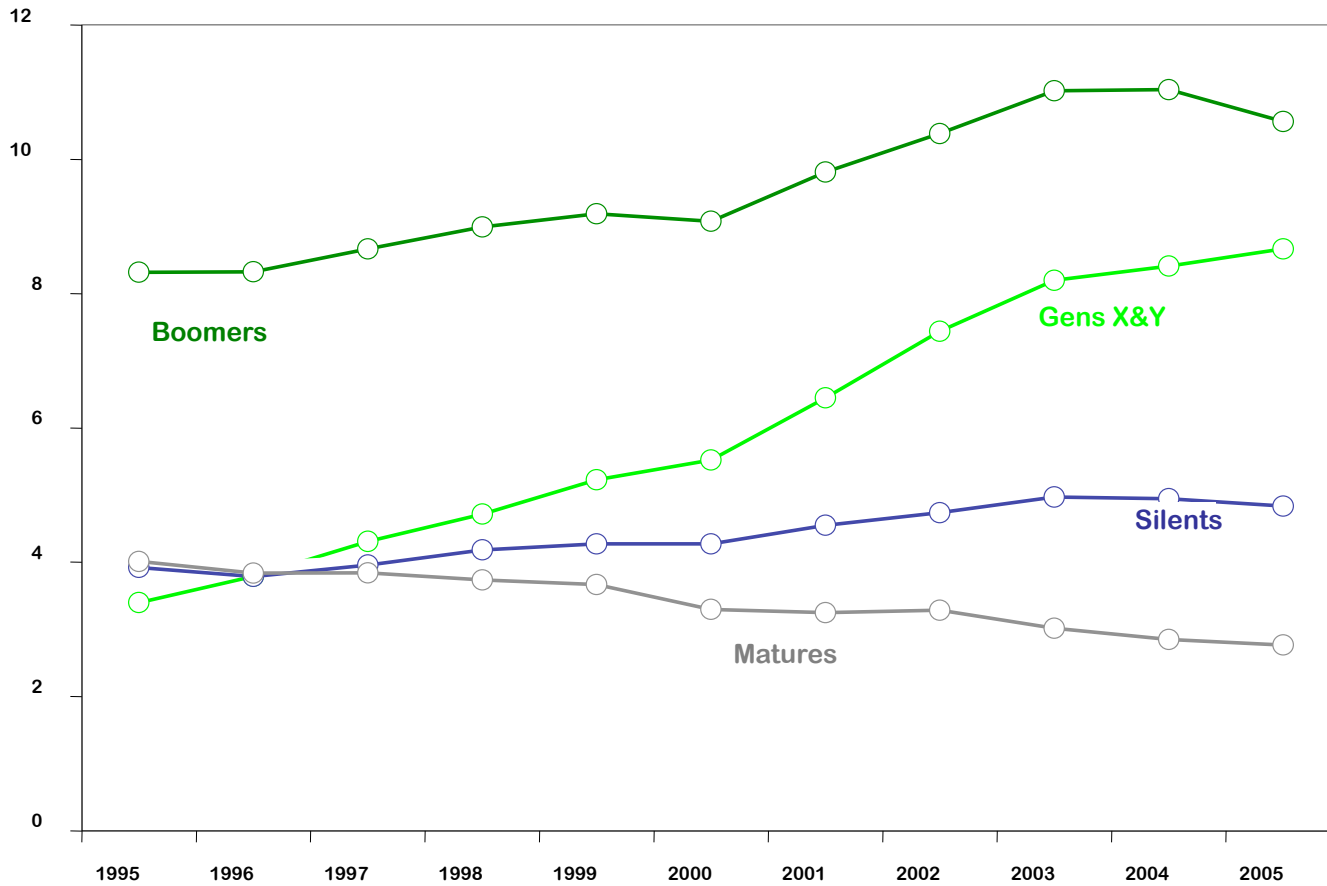
# Speaking of an evolving mix . . .

- **True or false: “Baby Boomers are the heart of the public radio audience.”**
- **True or false: Public radio has a graying audience and fails to reach younger listeners.**
- **Fact: GenXs and GenYs are public radio’s fastest growing segment and are likely to be the largest portion of our audience within five years.**

# Public Radio Listeners

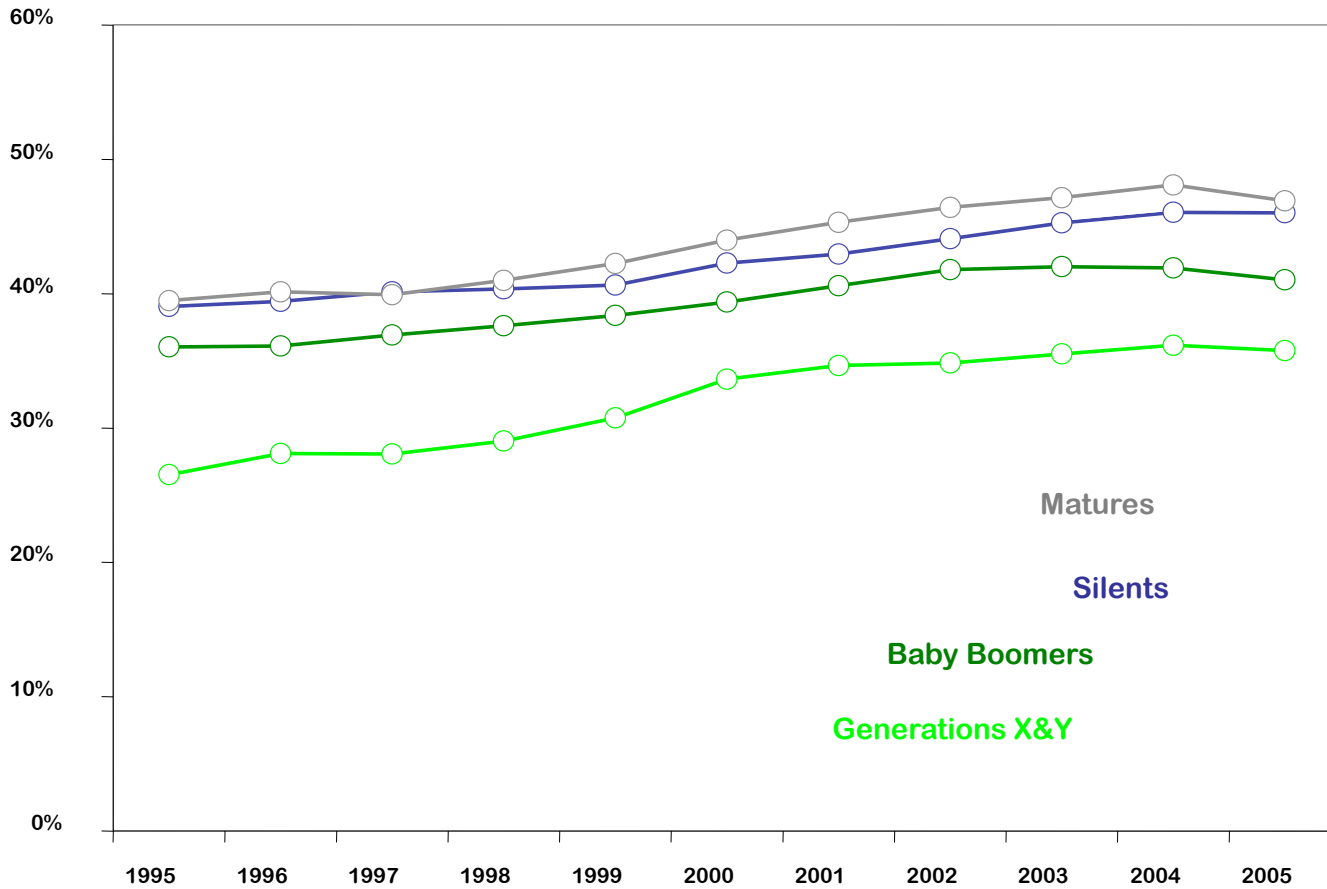
(Cume Persons per Week, in Millions)

Public Radio's Arbitron Diary Database



# Loyalty to Public Radio

## Public Radio's Arbitron Diary Database



# Placing bets on the future

- **Multiple initiatives for which both service outcomes and sustainability are unclear**
  - **HD radio**
  - **Digital distribution**
  - **Local news and information**
    - Overall capacity
    - Nature of the news (i.e. Public Insight Journalism)

# Strategic choices

- **Long-term position as public media institutions**
- **Preserving and growing the substantial investments that don't come from listener support and underwriting**
- **Distinctive identity and close connection to community will eventually pay off in public support**

# **Where We Are Going**

**Significant institutions with  
important and expanding roles  
in the civic and cultural lives of  
our communities**

# **Enduring power of broadcast**

- **Core of service for years to come**
  - **Universal free access**
  - **Tens of millions in the audience**
  - **More service than all other audio channels put together**
  - **Economic engine of the field**
  - **Connection to communities**
  - **Infrastructure already in place**



# **Build on broadcast assets**

- **Discipline and focus to preserve and strengthen performance of the current system**
- **Opportunities for growth across all measures: stations, audience, support, and trust**

# Embrace the new

- **Integrate broadcast with an array of emerging platforms and channels to deepen and broaden our services and our communities of users**
  - **More content**
  - **More user control**
  - **More interaction with and among individuals and groups**
  - **More connections to communities**

# “Push” and “Pull”

- **Expanding bandwidth, computer power, storage, and connectivity support an expanding portfolio of services**
- **Push: one-to-many driven by the presenter**
- **Pull: many-to-one driven by the user**
- **Not either/or – it’s both**

# A larger role

- **Strategic position: trusted and sophisticated producers, selectors, and context setters for content of high quality and depth**
- **Build out capacities as authenticators and recommenders in an interactive community**
- **Leverage trust and reach to convene on the civic and cultural issues and interests of our time**

**Core  
Franchise  
Trust**

**Create &  
Present**

**Authenticate &  
Recommend**

**Broadcasting**  
AM FM

**Connect &  
Convene**

**More "Push"**  
Streaming Satellite HD

**"Pull"**  
Archives Downloads  
Podcasts Search

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